



**MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA**

**James S. Mize, Executive Officer  
Clerk of the Board of Supervisors  
383 Hall of Administration  
Los Angeles, California 90012**

92

On motion of Supervisor Schabarum, seconded by Supervisor Edelman, unanimously carried (Supervisor Hahn being absent), the Board adopted the policy statement and procedures relative to implementation of audits as referred to in the attached.

001074

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS  
AUDIT FOLLOW-UP POLICY

Purpose

To establish the Board of Supervisors policy concerning the follow-up of audit recommendations, disallowances, and questioned costs.

Background

The audit function is an integral part of the County's management system. It provides the public, this Board, the Grand Jury, and County management with an independent review of its operations, functions, and programs. These examinations may include financial and compliance reviews, economy and efficiency studies, and program effectiveness evaluations.

An audit may result in recommendations, disallowances, and questioned costs. Timely action in response to these audit results by responsible officials is an integral part of our management system and is important to its effectiveness.

An audit may be performed pursuant to County Charter provisions or as required by the Grand Jury, legislation, or County contract agreements. These audits may be performed by the County Auditor-Controller, independent auditors employed by the Board of Supervisors or Grand Jury, or auditors employed by external agencies, including the State and Federal Government.

Policy

It is the policy of the Board of Supervisors that:

Departmental Role

Primary responsibility for audit follow-up rests with the Department head, or other county officer, charged with responsibility for managing any program which is the subject of an audit. Where multiple officers are involved, the CAO shall designate a lead agency with responsibility for coordinating the appropriate response and required actions. In carrying out the above responsibility for any audits done of the County, County department heads and other officers shall provide for a formal audit follow-up system which includes the following elements.

1. The Departments will respond in writing to the Board of Supervisors, the Chief Administrative Officer (CAO), the Grand Jury, and the County Auditor-Controller (if audit done by other than County Auditor-Controller to that auditor also) to any audit recommendations, disallowances and questioned costs within 60 days after delivery of the audit report. It should be noted that if a funding source or law creates a shorter response time requirement, such requirement must be met.

004575

2. The Departments will determine disposition of audit recommendations, disallowances and questioned costs. The Departments will respond to the Auditor-Controller and CAO their resolution with specific corrective action plan and time limits to accomplish the plan. The Departments will provide explanation for any disagreements with audit results. It should be noted that if a funding source or law, etc., creates a shorter response time requirement, such requirements must be met.
3. When an audit results in questioned costs, the Department will determine the allowability. If necessary, the Department will obtain final resolution from funding sources.
4. On a semi-annual basis, the Departments will provide the Auditor-Controller with a summary listing on the status of all recommendations until the recommendation(s) have been implemented or an acceptable alternate disposition has been agreed to.
5. The Departments will consult with the CAO to determine resolution of audit disagreements with the Auditor-Controller, or with the Auditor-Controller on disagreements with other auditors.
6. The Departments will maintain accurate records of all audit reports and related significant findings.
7. If deviation from the above policy is considered necessary, the Departments will obtain approval from the Auditor-Controller and the CAO.

#### County Auditor-Controller Role

As part of their regular work program, the County Auditor-Controller will provide for a review of audit follow-up actions instituted by County officers. Unless otherwise directed, (or when circumstances clearly indicate that some earlier review is warranted), the Auditor-Controller review will be made as part of any subsequently scheduled audit of the County officer involved.

The Auditor-Controller's function in the follow-up process is to ascertain that the Departments are in compliance with the Board policy. On a semi-annual basis, the Auditor-Controller will provide the Board of Supervisors with a summary of the status of audit recommendations, disallowances and questioned costs. In addition, whenever appropriate, the Auditor-Controller will inform the Board of Supervisors of any individual follow-up problem regarding audit recommendations, disallowances and questioned costs.

001076